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LEO CARRILLO

Inaugural Luncheon Speaker

NATIONAL ORGANIZATION, 1948–1949

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IN THIS ISSUE:

On the Cover

Leo Carrillo, the noted motion picture star, will be the speaker at the Inaugural Luncheon at the National Convention on September 30, 1949. This famous character actor will be right at home at the Ambassador Hotel in the atmosphere of the Cocoanut Grove, so often the haunt of Hollywood stars.

The son of Juan J. Carrillo, first mayor of Santa Monica, Leo Carrillo was born in Los Angeles and grew up in an atmosphere teeming with the lore of Old Spain. He was educated in Santa Monica public schools and later at Loyola University, Los Angeles. Throughout his youth, Carrillo was determined to become a cartoonist, in spite of his family's hopes that he would join the priesthood. His first job was with a west coast railroad company, through which he worked his way up to San Francisco. Still determined to become a cartoonist, he left his job with the railroad and went to work for the San Francisco *Examiner*. His reception after a chance appearance in a stage show, sponsored by the San Francisco Press Club, prompted Leo to give his first serious consideration to the stage as a possible career. Encouraged by friends, he auditioned for a vaudeville show, found his unique dialect stories had tremendous audience appeal. From vaudeville he graduated to comedy, scoring a success in *Fads and Fancies* and *Twin Beds*, both New York productions. In Lombardi, Ltd., he toured Australia and America and established himself as a top-ranking box-office star. A symbol to all the world of the gaiety, vigor and vividness which characterize the west, Leo found a place of equal magnitude in the film industry. Since returning to California he has appeared in major productions for every studio in Hollywood.

When not appearing as master of ceremonies for charity affairs or fulfilling professional engagements, Leo Carrillo prefers to spend his time with his wife at his rambling Santa Monica estate or supervising work on his Rancho de Los Quietos near San Diego. An ardent war worker, he holds a unique record of selling $24,000,000 in bonds in one day in Chicago, during a personal appearance tour.

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Sam and Fred are in business together. Fred is the treasurer, Sam is the sales department. They get along fine—as long as Sam sells. Fred tried to sell but it was no go. Sam was asked why his partner did so badly as a salesman when he knew the business so thoroughly. Sam, who is as honest as he is kind, thought a moment before he replied. "I think I can tell you the difference between Fred and me as salesmen. The only trouble with Fred is that if you tell him about a dog fight you have seen, he'll tell you about a bigger, bloodier dog fight that he saw once."

"And what would you say when you heard about this dog fight?" someone asked.

Sam grinned. "I'd say, probably, 'I wish I could see a dog fight like that.'"—*Executive's Digest*, Cambridge Assoc's, Boston.

Regulation W Terminated Again

We were delighted that Congress permitted Regulation W to expire on June 30, 1949, without acting on S. J. Res. 87 to extend the authority of the Federal Reserve Board to control consumer instalment credit. Consumer finance companies may now operate under the regulatory laws of the states without the burden of federal regulation for the time being.

The issue of federal control of your business is not dead, and we feel that the following points should continue to merit your careful consideration:

1. S. J. Res. 87, to continue the authority to control consumer instalment credit, is still pending before the Congress.
2. President Truman still insists upon this control authority and demands that Congress pass the bill.
3. The Federal Reserve Board is still demanding that Congress confer this authority upon the Federal Reserve Board.
4. Last year the President and FRB obtained reinstatement of credit controls in a special session of Congress.
5. A bill for the creation of a National Monetary Commission to make an overall study of money and finance in this country is pending in the Senate. Its proposed scope includes consumer financing as well as banking and other monetary controls.

The vigorous opposition to the control bill at the Senate committee hearings was sufficient to prevent action at this time, but we must not consider the matter closed. Our operating policies must continue to merit the most favorable public approval and respect for the soundness of our credit policies.

T. D. Griffin, chairman of the Executive Committee of your National Association, in a press release said, among other things: "The passing of Regulation W will not change the method of operation of the small loan industry. The policy of lenders is and will continue to be to grant loans on the basis of the ability of the borrowers to repay. I predict that lenders will continue to exercise sound judgment, and there is nothing in the picture to indicate that any member of the small loan industry is going to go overboard on the extension of long term credit to borrowers. I further predict that small loan lenders on the whole will not employ advertising that will encourage the public to incur debts for improper purposes or on unsound terms."

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At the funeral of a poor miner in Wales, the mourners were startled when a black limousine drew up and a distinguished gentleman emerged. He was dressed all in black, with a wide mourning band on his top hat, another on his sleeve, black kid gloves and a black tie.

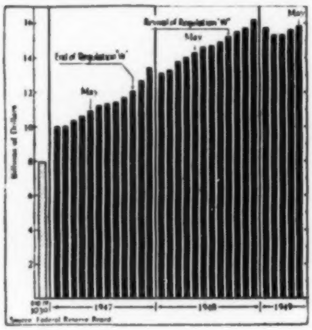
At the grave he commiserated with the utmost sympathy with the bereaved kindred and friends. At last one of them got courage enough to ask if he were a distant relative.

"Not at all," he replied, stepping briskly back into the limousine. "I am the National Coal Board's Bereavement Officer."—*N. Y. Times Magazine.*

Food for Thought

Culled from Here and There

Consumer Credit



Outstanding credit to consumers at the end of May totaled $15,847 million. This was slightly above the preceding month's figure and was $1,536 million greater than the $14,311 million outstanding on May 31, 1948. Instalment credit, on which controls expired June 30, rose $253 million from April. This was boosted by a $195 million increase in automobile credit.

—*The Wall Street Journal.*

When people with a common objective pool their resources much better results may be accomplished. The Association members in Reading, for example, are setting a splendid pattern for getting the picture *Every Seventh Family* before the public. The eight member offices there have engaged a skilled operator with good equipment to handle all of their showings. The man employed has good community connections and will help secure bookings. They are all set for ten showings in June and expect to get as many more in the early fall. They will get the film for a ten-day period and show it once daily or more often.

Giving one man the contract enables them to get expert service at a better rate, and sharing the expense makes numerous showings cost each office comparatively little.

It is hoped that members in other cities will follow this fine example for promoting public relations work together.

—*Quarterly Meeting Reports, Pennsylvania Association.*

Samuel B. Shapiro, associate manager, Linen Supply Association of America, adds his seal of approval to the advice to conventionnaires filed here (Idea File) on December 31, 1948. Mr. Shapiro follows a similar procedure, promoting a serious atmosphere at the meetings of his group through a Convention Tips column in the association news letter. His advice to people attending conventions:

(1) Take notes. They will be a source of new ideas for you during the next twelve months.

(2) Ask questions of the speakers if you are in doubt about any of the points they have made.

(3) Participate in discusssion. This is your big opportunity of the year to get the thinking of other leading men in your field and experts from other fields.

(4) Circulate. Talk to the delegates from other cities. They have plenty of ideas that will be useful to you. Make it a point to eat with different members at each meal. Convention time is no time to run around in cliques.

(5) Attend meetings on time, or you may miss some ideas that may be helpful to you.

(6) See the exhibits as frequently as you can. The representatives of our allied companies spend their entire time in calling on members and are real authorities on many phases of the business.

—*Printers' Ink.*

Instalment credit is a job maker as well as labor saver.

The labor that is saved in the home is transferred to the factory. The growth figures in the appliance industry tell this story because they stand for jobs in the factory, in the distributor's warehouse, and in the retail store, and satisfaction in the home.

Only when industry and business know that instalment credit is available to finance consumer purchases of their products can they plan their own course of action with assurance.

From the Brief of Myron R. Bone, V. P., American Industrial Bankers Assoc. to Congress, May 13, 1949.

—*The People's Credit.*

Federal spending 100 years ago was at the rate of $1 million every nine days. Today, spending is approximately $1 million every 12 minutes. Government expenses in 1849-50 were about $39½ million; now they are nearer $40 billion. Figure it closer and the outlay is being made at the rate of nearly $1,400 every second.

—*Tax Outlook.*

MEETING SCHEDULE

ILLINOIS

Edgewater Beach Hotel, Chicago, October 26-27

INDIANA

Claypool Hotel, Indianapolis, November 10-11

IOWA

Hotel Russell-Lamson, Waterloo, May 11-12, 1950

MICHIGAN

Hotel Statler, Detroit, October 25-27

Belvedere Hotel, Charlevoix, June 29-30, 1950

NEW YORK

Syracuse, September 14-15

OHIO

Hotel Carter, Cleveland, November 8-10

OREGON

Portland, November 11

PENNSYLVANIA

Hotel Hershey, Hershey, September 14

Benjamin Franklin Hotel, Philadelphia, November 9

VIRGINIA

Hotel John Marshall, Richmond, October 19-20-21

Size of Office as a Competitive Factor in the Small Loan Business

By MILLER UPTON

Professor Upton is Assistant Professor of Finance at Northwestern University. Excerpts from an address which he delivered to the Ohio Association are published here.

I hope that the point of view I have to express with respect to the influence of size of loan office on operating performance may prove of some value to you.

I first became seriously interested in the field of consumer credit through a fellowship granted by the Graduate School of Northwestern University, which I had the good fortune to obtain. Each year two such fellowships are granted in the name of Arthur W. Newton to graduate students in finance for investigation of some phase of the consumer credit business.

"Bigness" in a Loan Office

The idea that "bigness" in a loan office is an essential factor in the realization of operating efficiency has long been accepted by regulatory authorities, operators, and writers in the field. Nor is this attitude one of mere acceptance of the ordinary advantages associated with increased volume in any business endeavor; the small loan business is set apart as being particularly in the nature of a public utility in this regard and therefore deserving of special treatment.

It is my experience in talking with operators in the field that the point need not be labored: most of you take it for granted that large size is essential to efficient operation. And the fact that the idea has been supported by such very qualified specialists as Professors C. O. Fisher and T. O. Yntema, and Messrs. R. A. Young and Rolf Nugent, to say nothing of the New York State Banking Department, merely adds credence to your supposition.

It might seem rash on my part to oppose such a well-established idea. But I feel strongly that the potential dangers to the industry and the community from adherence to what appears to me to be a serious misconception require clear appraisal of the facts and staunch support of any opposing evidence.

Input and Output Factors

In any business endeavor size of operation may be measured either by so-called input factors or output factors. By "input factor" is meant anything which is employed in the creation of the good or service, such as number of employees, square feet of plant, dollars of assets, etc. "Output factors" are those measures which indicate the volume of output over a given period of time, such as dollars of sales, number of units produced, value of product added, etc.

In studying the relationship of efficiency to size, it is essential that an input measure be used since the use of an output measure automatically results in a direct relationship. That is to say, in any business operation economies are bound to be realized from increasing the output of a given number of employees or a given amount of invested dollars. Such increased efficiency is not the result of greater size but the greater use of a given size. To say that efficiency increases as such output expands is merely to state a truism and adds nothing to our understanding of a situation. The problem is to determine those factors which have made possible the increase in output. Only if costs per unit of output decrease as the number of employees are expanded or the total assets increased can it be said fairly that efficiency and size are directly related. Such increased efficiency then results from advantages to be gained from further division of labor, greater access to machine economies, and the like.

There are undoubtedly some opportunities for realizing economies from division of labor and the use of machine methods in the very earliest stages of growth of a loan office, but there is reason to believe that these opportunities are decidedly limited in number and scope. The standard of three employees as the minimum essential staff for an office is rather well established in the field. Such a small number clearly does not offer very great opportunity for division of labor economies. The reason why operators usually place such importance upon volume is not that they hope to realize further benefits from division of labor. Rather, they think in terms of being committed to a full-time staff regardless of the size, and therefore recognize that full use of this personnel is essential. However, in those states where small loan offices are allowed to be operated in conjunction with some other business, economical operation at very low volume is possible. Therefore efficiency is no more dependent upon large volume than it is dependent upon the opportunity to prorate the basic salary expense among different activities.

The item of receivables, or more correctly average value of loans outstanding, is itself often used to measure variation in size, but such use is clearly inappropriate. Since the figure is the product of the number of loans made and the average size of loan made, unit cost is governed more by individual efficiency in processing loan applications and the average size of loan granted than by the "size" of the loan office. An office, for example, may enjoy a high average value of loans outstanding because, through locational or personnel factors, more loans are processed per employee, or the average size of loan granted is higher. It cannot be claimed that the increased dollar value of loans outstanding has caused these advantageous conditions; they rather have been the cause of the larger "size." Similarly figures of gross revenue and number of loans granted are more measures of output than operating size.

Size of Office and Net Return

To some extent the presumed justification for considering size of loan office as a vital factor in achieving operating economies in the small loan field rests upon certain studies that have been made in the past. Dr. Ralph A. Young in his book dealing with the operations of personal finance companies uses the official figures drawn from the reports of licensees in two states, New Jersey and Illinois, for the one year 1937. He takes the reported figure of net return before interest as a per cent of total assets for each of the different size groups given and concludes as follows: "The net return, in per cent of year-end employed assets, tends to vary directly with size of office. . . . This tendency for profits to increase with size is doubtless due in part to the operating economies that are associated with larger volume, and it justifies the emphasis placed on volume by personal finance lenders." [1]

[1] Ralph A. Young, *Personal Finance Companies and Their Credit Practices,* (National Bureau of Economic Research, New York, 1939) pp. 114-115.

Other very serious deficiencies exist in the type of evidence provided by Dr. Young. Variations in accounting practice, for one thing, may account for some of the differences in net return. Particularly is this so in the accounting for salaries among very small companies. The probability is that the differentiation between salaries and profit in such cases is extremely arbitrary. Also, no consideration is given to the possibility of the smaller office having smaller average loans and being newer in age and therefore insufficiently developed. Dr. Ernst Dauer in his book on the operating experience of consumer instalment financing agencies and commercial banks points out that ". . . in commercial banks, as in the specialized agencies, available evidence indicates that character and size of loan have much more influence on operating costs than size of operating unit."[2] In all fairness to Dr. Young I should say that he calls attention to some of these potential sources of error in his interpretation. The basic difficulty with his approach is that he attempted more to illustrate accepted propositions rather than test rigorously their reliability.

Probably the most recent study to carry weight in small loan circles is that made by the New York State Banking Department in 1946. With regard to the relationship between size and efficiency, it states: "In general, the smaller the office, the higher the expense ratio. Hence it is desirable to have offices of a size large enough to obtain the optimum utilization of staff and equipment." This conclusion is mainly based upon a study which illustrates the relation between statewide average expense ratios and the average volume of loans outstanding from 1936 to 1944.

Though formidable in themselves, these are not the only criticisms to be raised. The Department has attempted to establish a case of simple correlation when in fact the relationship is probably governed by numerous factors. It may be noted that the dots which control the downward sloping line in the Department's chart are arranged in chronological order between the years 1936 and 1941. Therefore, is the decline in operating expenses due to increased efficiency during this particular period of time, which is very likely, or the increase in the "size" of the office? Furthermore, is it not likely that the increase in average outstandings per office during this period is the result of an increase in the average size of loan granted? If so, then the decrease in operating expenses over the period is due to an increase in the average size of loan rather than an increase in the average "size" of office.

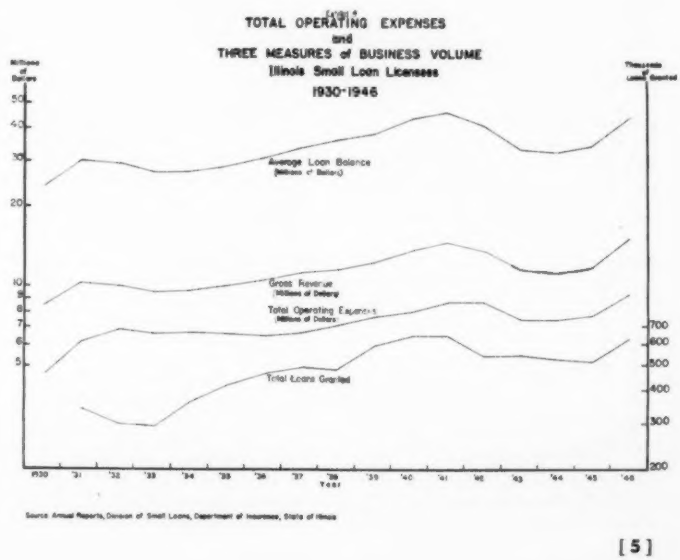
Finally, the measure of size used by the Department is that of average outstanding loans, which is decidedly one of the output measures. Since the range of variation in operating expenses is limited to a mere 2.29% and a large part of this spread is probably accounted for by improved efficiency over time and corresponding variation in the average size of loan, the relationship expressed would seem to be more easily explained as resulting from more efficient use of a given scale of operation rather than economies arising from the expansion of scale. Since the Department has failed to adjust the data for this important consideration its rigid conclusions are subject to serious doubt.

It may be that the Department intended only to develop the idea that efficient operation is dependent upon full utilization of existing facilities. If such be the case, then reference to "size" as a determinant of operating efficiency is misleading, and use of the conclusion as justification for a restrictive licensing policy is completely untenable. Full utilization of productive facilities contributes to greater efficiency of operation regardless of the "size" of the operating unit. And it contributes to greater efficiency in any business endeavor, not merely in the small loan business. There is no need for an involved study to support this point, for it is a truism!

I would like now to support these criticisms of the bases for the belief that efficiency in the small loan business is dependent upon large-scale operation by offering a study of the operations of the small loan licensees in Illinois over the period 1930-1946. I want to emphasize at the beginning, however, that the study is not offered as proof of the contention that large size of office is not essential to efficient operation. I personally am convinced that absolute statistical proof of the point is impossible because of the personal service nature of the business. The findings of the study, rather, seem to me to support the proposition that the costs of small loan operation are more variable and subject to greater management control than the costs in other business endeavors. If such be the case, then it is reasonable to assume that size of operations could have but a slight bearing upon the efficiency of operations and then only in the very earliest stages. The findings, in other words, offer presumptive evidence rather than conclusive.

Exhibits

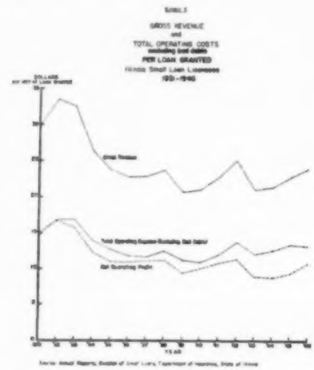
In Exhibit 4 total operating expenses of the Illinois licensees are plotted on ratio paper along with three possible measures of output or volume. Since ratio paper is designed to convert numerical changes to a percentage base the similarity in movement of the various series can be easily checked. The chart shows that in relation to average loan balance and gross revenue the expenses maintain remarkable conformance. In relation to total loans granted there is much more sluggishness in adjustment. It is my understanding that such delayed action or sluggishness of expenses in relation to a decline in the number of loans granted



Source: Annual Reports, Division of Small Loans, Department of Insurance, State of Illinois

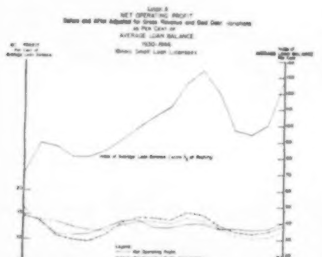
[2] Ernst Dauer, *Comparative Operating Experience of Consumer Instalment Financing Agencies and Commercial Banks*, 1929-41 (National Bureau of Economic Research, 1944, p. 124)

is to be expected, inasmuch as collection costs, as opposed to acquisition costs, continue to be incurred on the basis of earlier loan volume.



The constancy of operating performance suggested by this Exhibit 4 is further supported by Exhibit 5, which relates gross revenue per unit of loan granted each year to the corresponding total operating expenses exclusive of bad debts per unit of loan granted. I feel strongly that the preferable output measure to use in any such study as this is number of loans granted, for the figure is not influenced by such associated items as size of loan or size of rate charged but is strictly a measure of output volume. The high degree of correspondence in movement of the two series is pointed up by the dotted line which pictures the residual profit. It can readily be seen that during a period which includes two depressions and the beginning of a severe inflation the profit figure remains remarkably stable. Such evidence supports strongly the belief that costs of operation are very controllable and therefore not greatly influenced by conditions of size.

An interesting analysis based upon average value of loans outstanding as the measure of volume is presented in Exhibit 6. The particular object of this exhibit is to note the extent to which net operating profit varies with volume on the presumption that in an industry with high fixed costs as opposed to variable costs there will be a high degree of direct relation between the two series. An index of average loan balance (or average value of loans outstanding) for the period 1930-1946 has been plotted to serve as the volume series. Below it are plotted three profit series expressed as a per cent of the average loan balance for the respective years. One profit figure is that before income taxes and interest as recorded in the Illinois annual reports. Another is this same profit with annual variations in gross revenue as a per cent of average loan balance eliminated. And the third is this latter series with annual variations in bad debt expense as a per cent of average loan balance also eliminated. The unadjusted series of net operating profit exhibits some very slight correlation of a direct sort. When the influence of variation in gross revenue is eliminated, however, the direct relationship becomes much greater. In other words, part of the realized constancy in earning results is to be explained by compensating variations in gross revenue resulting from changes in loan rates. When variations in bad debts expense over time are also eliminated, however, the direct relationship is again reduced, and rather substantially so in the earlier years. Although there continues to be general direct correlation between average loan balance and operating profit, it fails to be of any significant sort. On the whole the smoothing effect by the adjustment for bad debts results in a very stable operating performance for the period covered.



On the basis of this exhibit it would certainly seem safe to say that cyclical variations of any pronounced character in the earnings of the business are more than likely to be explained in terms of changes in loss experience over time rather than changes in average loan balance, assuming, of course, constancy in such loan characteristics as size, nature of security, and length of term. Also, the loss experience, being governed largely by general business conditions, will tend to influence profits in a manner consistent with the slight influence of volume so that there results an aggravating effect.

The remarkable stability in the operating experience of this business over time may further be observed by comparing its performance to that of industry in general during the same period of time. Even when bad debts is included as an operating expense, the profits of the small loan licensees are far more stable than that of general industry. And when this expense item is excluded, the operating experience for the sixteen years covered assumes amazing comparative stability. To some extent the greater stability in net profit is due to a more stable gross revenue experience, but this cannot explain the entire difference in performance. The more variable profits of general industry must further be accounted for by a substantially higher rigidity in operating costs, which condition would suggest that size is of less importance to operating efficiency in the small loan business than to most other businesses.

Conclusions

In concluding, let me summarize those points which I feel constitute the core of the subject matter. So far as size of office and operating efficiency are concerned there are undoubtedly certain minor economies to be gained from expanded scale in the very earliest stages. These would include (1) certain advantages from increased division of labor up to say three employees and (2) certain advantages from having access to machine methods in the handling of routine clerical and bookkeeping operations. I do not argue that there are absolutely no opportunities for such economies [in larger operations] but merely that they are restricted in number and significance and that in comparison with most other businesses they may practically be ignored.

Question as to the optimum size of the business unit in this field of endeavor is often raised. To me the idea is incongruous. Can there be an optimum size for a barber shop, a doctor's office, or a law firm? The small loan business by most economic standards is akin to a personal service business, and its efficient operation is primarily a factor of individual efficiency, not size. Optimum size is a mechanical concept or a technological condition and therefore cannot be applied to the inconstancies of humanity. The very fact that operators in the field choose as their principal measure of efficiency the number of loans handled per employee supports this contention, it seems to me. The initiative and skill of local management as well as locational factors must determine competitive advantage much more than size.

The small loan business essentially operates under conditions of constant unit cost. This statement is supported by my analysis of the Illinois data which exhibits the extreme controllability of the operating costs and their high degree of variation with volume changes. It is further supported by the fact that the principal asset requirements are unusually mobile and that therefore there is almost complete absence of the so-called "sunk costs" associated with

(Continued on Page 14)

High School Education Project

By HOWARD M. COOL

Mr. Cool is educational director of the National Better Business Bureau, Inc., and this is his report for sponsors of the project.

Eleven textbooks have been published to date by the Consumer Education Study for use in high schools.

For the first time school books about business functions are going into use with benefit of knowledge based on experience of a great many men in business who have been consulted.

Those who know the facts and those who know how to make them teachable in school have proved that they can collaborate to make textbooks that are sound.

No interference with academic freedom. Not promotion or propaganda. They are real education on practical functions of our free enterprise economy, and how to use those functions best for one's own needs.

Two books are on the way. One, *Looking at Distribution*, is about ready for press. A tentative manuscript for it has been read by more than fifty business experts in distribution for corrections and suggestions. It is now being revised before publishing. (This procedure has been followed with all of the books.)

The other is, *Looking at Production*. It is in the early stage of development and will be published in the next school year.

One of the published books is: *Using Consumer Credit*, "The wise use of personal and family credit. Sources of consumer credit and its costs. Various methods of installment buying. The function of credit in our economy."

They Are Making Headway

The books are published and sold by the National Association of Secondary-School Principals who assume full responsibility for them. They are bought by schools and put into the regular curriculum for teaching. Now in approximately 2,000 high schools enrolling over 1,000,000 students. About 500,000 books in distribution.

By textbook precedent this is an outstanding sales record. But it is far short of what these books have the potentialities for doing. There are 6,000,000 young people in high school. That's our goal.

These books have about replaced or offset use of the kind of teaching so popular in schools a few years ago which primarily attacked advertising and business practices.

When this project started the prevailing idea was to teach

—how to defend yourself against business,

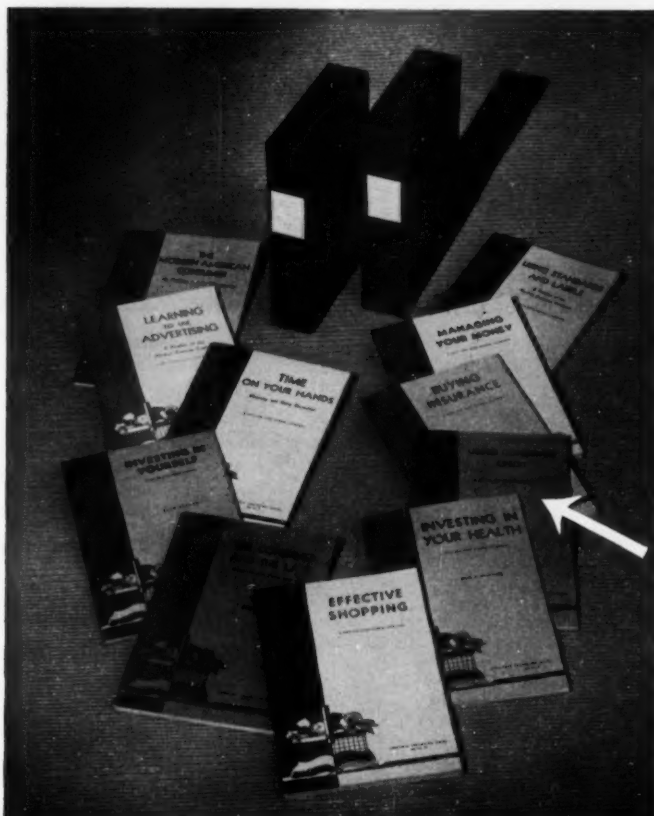
—how to revolutionize the economy.

Consumer education as it is now defined by this project, and widely accepted, is a marked contrast to this idea. It is agreed now that it should be

—how to understand business and its services to the consumer,

—how to use those services to make our economy work its best. (Revolutionizing the economy is not a proper function of the schools.)

The textbooks produced by the Consumer Education Study serve this new constructive purpose.



Promotion Must Continue

Promotional work carried on by the project's educators during this year will result in further sales for the next school year. Promotion has been carried on as extensively as limited funds have permitted.

Two professors on leave from their colleges have been employed to consult with school administrators in states and communities on ways to use these books. State and city administrators of 26 states and 86 cities have conferred with these men during the year.

To sell the books requires more than just having their superiority recognized. In most places it requires changes in a school's "production line," with attendant red tape and other inertia.

The largest single order resulting so far from one state is 51,000 copies—17,000 each of three of the books—*Learning to Use Advertising, Managing Your Money*, and *Using Consumer Credit*. (South Carolina)

Observant and informed school administrators advise that "change over"

(Continued on Page 16)

Convention

WHO WHAT

**The 1949 Convention
Los Angel**

Septemb

Richard E. Meier, President Interstate Finance Corporation, Evansville, Indiana

***Our Problems and Prospects* will be the theme of Mr. Meier's keynote address.**

Ed. J. Davenport, Member of the Los Angeles City Council, serving his third term

Speaker at the first luncheon, whose style guarantees his audience entertainment as well as a wide range of factual anecdotes applicable to everyday business contacts.

Ambass

Robert B. Wolcott, Jr., Director of Public Relations, California Loan and Finance Association

***Public Relations Methods* is the subject which he will present at the session dealing with "Good Public Relations."**

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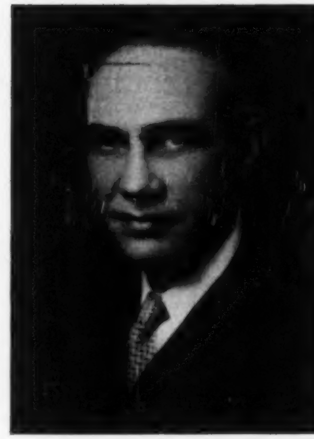


Lawrence M. Curtiss, Vice President, American Investment Company, St. Louis, Missouri

Checking Your Own Operations **will be the theme of a Round Table designed to reveal the strength and weakness of your own operations, under the chairmanship of Mr. Curtiss.**

A. LeRoy Nelson, Vice President, Budget Finance Plan, Inc., Hollywood, California

Building New Business **is the theme of another Round Table designed to show methods of building business volume, under the chairmanship of Mr. Nelson.**

Elliott Taylor, Manager, Public Relations Division, Pacific Finance Corporation, Los Angeles, California

The Need for Good Public Relations **will be the topic for Mr. Taylor's address.**

How Advertising Affects Our Lives

By ANN LOUISE BATES, Student in the Phillips High School, Birmingham, Alabama

EDITOR'S *(Printers' Ink)* NOTE: This explanation of "How Advertising Affects Our Lives" made an outstanding hit at the convention of the Advertising Federation of America recently in Houston. After it was read, the delegates stood in tribute to Miss Bates, who was present and read her essay, which won first prize among 40,000 entries in this year's AFA national essay contest.

OUR WAY OF LIFE—that's advertising! It makes our national heritage our individual heritage. It preserves that which is good into timeless tradition and promotes that which is better for continuous progress.

It is pictures for children's enchantment. It is ideas for Mother's meal-planning. It is job security for Dad. It is the voice of better business for the grocer down the street, for the owner of the large department store downtown, and for producers everywhere. It is leisure-hour entertainment for all of us, each to his own liking. *Choice instead of Chance*—that's advertising.

Choice, because we have the benefit of consumer information and guidance. Honest, well-written ads are an education in themselves. They teach us to learn—to learn about the specific qualities of the advertised products and to compare them with those of other products. They guide us in getting the most for our money and in choosing articles best suited to our needs, desires, and pocketbooks. *The Triumph of Information Over Ignorance*—that's advertising.

This power in print, echoed perhaps by the silver-tongued persuasion of well-informed salesmen, helps us to make decisions. Why do we use the particular brand of dentifrice we do? Why must our lipstick and fingernail polish match? Why do we want a convertible coupe? Why do we like to be dressed in the current fashion? Why do we trade at certain stores? Why do we go to the particular place we do on our vacation? Why do we choose some amusements over others? Because, with the help of advertising, we have decided that's for us. *A Guiding Hand*—that's advertising.

But the one who holds the purse strings is especially interested in another important advantage of advertising: lower prices—a benefit welcomed by manufacturers and customers alike. By creating vast markets for goods, advertising makes possible mass production. Then the producer can easily lower his prices because of increased demand. This satisfies us, the consumers, because we can afford more gracious living; it satisfies the manufacturer because he is doing a service for his customers and because he, too, becomes more prosperous. *A Prophet That Profits*—that's advertising.

Consider the large groups of people who owe thanks to advertising for their very livelihood. Without advertising, without the mass production it creates, there would be far too few jobs for the millions who are now employed in businesses which make use of advertising, the far-reaching medium of communication between buyers and sellers. And what about jobs for the many talented people who write, draw, compose, act out, sing, and produce the interesting and informative ads which are so much a part of our modern lives? *Our Daily Bread*—that's advertising.

But advertising affects our relaxation as well as our more serious interests. It turns the spotlight of our attention on every medium of entertainment. Every time we turn on a radio, for example, and tune in a program of beautiful music, absorbing drama, or interesting discussion, we are enjoying one of the many blessings of advertising. You may say that the consumer pays for this. Of course, we pay a tiny amount for advertising. But we get in return the article at a cheaper price, and a bonus of the entertainment which advertising makes possible. Then, too, ads of a movie, of a concert, of various vacation lands beckon us; and we make our decisions to enjoy our diversions according to our pleasure. *A Master Over Monotony*—that's advertising.

In promoting friendly relations both here and abroad advertising plays an important part. At home, fair and sincere ads create boundless good-will and friendliness between businessmen and consumers, and between businessmen and other businessmen. Customers and competitors alike appreciate a manufacturer's integrity, of which better business and greater popularity are natural by-products. In the larger scope of internationality, advertising enables other nations to learn about products we make which they need. In addition to this, ads which reach other countries from us help to show oppressed peoples the many benefits of our basic principles of democracy and individual freedom. In short, they're a remedy for infectious "isms." Thus we join these people with us in ideas, and the whole world together in more peaceful trade relations. *A Mighty Force That Unites*—that's advertising.

Thus we see that from Baby's first building blocks to Man's own home, advertising carries us through the successive stages of life in all its phases. A harbinger of happiness, a promise of progress, a protection against oppression, a faith for our future, advertising lights a better way to better lives for us all. Yes, *Our Way of Life*—that's advertising. —*Printers' Ink.*

Prosperity and Depression

By JOHN J. GRIFFIN

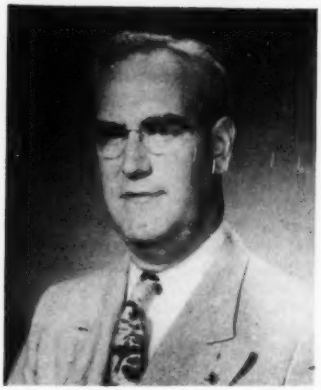
Mr. Griffin is Vice President of Griffin Finance Company, Hammond, Indiana.

I do not allow myself to be influenced by economists: economics is not a science at all. The causes of prosperity and depression are not to be found in the functioning of economic "laws" . . . . the causes are fear and faith, optimism and pessimism, confidence and buck fever. These are psychological reactions that are contagious—expanding and contracting in geometric ratio. I am afraid. I express my fears to another and he becomes afraid. We two spread fear to two more. We are then four and give fear to four more—and so on by squares until fear dominates. The character of the depression stemming from our aggregate fears depends on what we are afraid of—banks, money, oversupply, etc.

The functioning of the government as an investor, guarantor, bull in the bear market, supporter of prices, etc., is relatively unimportant in the long run. The assurance of sound money inspires confidence and it should be the function of the government to provide such assurance. This would not relieve periodic ups and downs but it would preserve the substance and enable prompt recovery and a continuation of progress.

I have never heard that induced anemia promoted recovery from illness of any kind: nor does watered currency enlarge the probability of restored health to a sick economy. In the times of most severe depression men still traded grain for coal, coal for lumber, lumber for steel, anything for gold: the inherent values of useful materials are indestructible—they vary as the supply, the need, the utility—increase or diminish—but are never lost entirely.

Personalities



John L. Mentz, whose story is one of hard work in the small loan business, is now being crowned with success.

At the Annual Meeting of the New Jersey Consumer Finance Association held on June 14, 1949 at Asbury Park, John Mentz was selected as its president for the coming year.

Our first flashback in the life of John shows that he was born in the City of Brotherly Love; that he attended Vaughan School and Temple University.

For the second look in the past record, there is found the story, that twenty-three years ago, John started work for the Provident Loan Company in Philadelphia. Later he worked for Domestic Finance Corporation and that then for ten years he worked for Personal Finance Company, being manager, supervisor and divisional sales manager.

In 1944, John Mentz became the president of his own company, now known as the Workers Finance Company, located in Newark, New Jersey.

He has been connected with many civic and fraternal organizations and was one of the organizers of the North Jersey Exchange Bureau. He served as its first chairman and he still is a member of its Board of Governors.

For five years, John worked hard as the secretary of the New Jersey Association of Small Loan Companies and then gave a year as vice president.

John Mentz told the members of the New Jersey Association, in accepting the office of president, and in thanking them for the honor they had bestowed on him, that his administration would be a progressive one with special emphasis on public relations work.

Mr. Mentz lives in Maplewood, N. J., with a charming wife Margaret and a future American League shortstop, J. Roger.

TWENTY Years Ago in the *News*

Industrial Lenders News, August 1929

National Officers, 1928-1929: President, G. J. Badger; Vice President, Albert P. Snite; Treasurer, T. J. Harrison; Secretary, G. W. Kehr

If the assembly votes to concur in the senate bill to repeal the small loans law, it will have to do so in the face of facts which show that the small loans system is providing a desirable plan of credit for thousands of Wisconsin citizens. Or the assemblymen will have to be convinced that the records presented were not true. Or they will have to discover some better plan of providing credits for the thousands who cannot go to the banks and obtain a loan by depositing collateral. We can discover no fourth alternative.

As for a better plan, none has been offered. Bank credit does not reach these thousands. Neither does a plan that requires a co-maker for the note. That is another form of providing security, not available for people who will not ask others to assume responsibility for their debts. The suggestion, made first by State Treasurer Levitan and later by Lieutenant-Governor Huber, that money be loaned without interest is wrong in principle and would be entirely inadequate in practice. Where could we get all this money to loan and why should we make its use free to those who are not asking charity but only credit? The credit unions formed within industrial organizations are good, but they serve only limited numbers. For the great body of workers of modest and meager income, we have to have some sort of commercial plan, under supervision, or send them back to the loan shark. . . .

Editorial from the Milwaukee Journal, July 10, 1929.

Banks have recently indicated the value of association membership from the standpoint of credit. According to reports received, "the shoe industry has determined that in 1928 of the 72 failures among retail shoe dealers there were only four who were members of their trade associations. In the dental industry over a period of 47 years of association activity representing 80 per cent of the dental trade there were but 12 failures among members of the dental trade associations.

Since its acquisition of the assets of the Guarantee Loan Company, the Popular Finance Corporation and the Franklin Finance Corporation recently, Household Finance Corporation has become the largest small loan organization in the United States. It now operates 114 offices in twenty-seven mid-Western, Eastern and Southern cities.

Philadelphia Inquirer.

A Glance at What They Are Doing

L. M. Curtiss, formerly executive supervisor of the New England Division and vice president of the American Investment Company, has been placed in charge of branch office operations. Much of Mr. Curtiss's attention in the future will be directed toward the co-ordination of activities between divisions, helping the various areas carry out the general operational policies. He will work closely with David B. Lichtenstein, executive vice president of the company.

Among his business associates, Mr. Curtiss is noted for his unruffled calm, his clarity of thought and his very enviable ability as a contortionist while considering some knotty problem. He is a man of purpose, action and understanding.

H. Dale Henderson was elected vice president of the American Investment Company May 30, 1949. Mr. Henderson has been associated with the Ohio Finance Company since 1934 and was elected vice president of that organization in 1945 and a director in 1948. Mr. Henderson in his new capacity with American Investment Company will be in charge of the Ohio Division and will maintain his offices in Columbus, Ohio.

Everett Shively, who was also formerly an officer of the Ohio Finance Company, has been elected secretary of the American Investment Company. Mr. Shively was associated with the Ohio Finance Company since 1930. He was elected secretary and treasurer of that organization in 1932 and director in 1937. Mr. Shively will move to St. Louis in the near future, where he will assume his new duties in the American Investment Company's executive offices.

George W. Kehr, president of the Co-operative Loan and Investment Company, Harrisburg, Pennsylvania, was honored on the occasion of the Middle Atlantic A. A. U. Championship Track and Field Meet recently held in Harrisburg. The George W. Kehr Trophy was presented at the meet and came as a complete surprise to Mr. Kehr, who was serving as clerk of the course. Mr. Kehr, who graduated from Princeton University in 1901, started his long and tireless work in Harrisburg to make Track and Field an interesting sport activity by first serving as secretary of the Harrisburg Track and Field Association. He was clerk of course at track and field meets in 1908 and since that date has always taken part in all sporting events.

Chris Droll, manager of the downtown Evansville office of Interstate Finance Corporation, has been elected chairman of the Evansville Credit Luncheon Club. The club, composed of retail credit men and women from Evansville stores and business, meets monthly.

G. E. Carrico of Harlan, Kentucky, assistant service director of Time Finance Company has been appointed a member of the Executive Committee of the Kentucky Chapter of the National Foundation for Infantile Paralysis.

Mr. Carrico has headed the March of Dimes drives for the Infantile Paralysis fund in Harlan County for several years. His new appointment is in recognition of the splendid manner in which he has handled these drives. Mr. Carrico has been active in Harlan County civic and charitable efforts since locating there several years ago.

Connected with the Time organization for the past nine years, Mr. Carrico has recently been advanced from manager of Time's Harlan office to the post of assistant service director, with headquarters in Harlan.

Jack H. Callahan, Burlington, Iowa, has been elected vice president and director of Thrift Loan Company, Des Moines loan and investment company at 506 Sixth Avenue.

Mr. Callahan has been active in loan and financing work in Iowa for 15 years. He was last employed as manager of the Burlington office of Federal Discount Corporation. He previously worked in Cedar Rapids and Waterloo. Thrift Loan Company is affiliated with Federal Discount Corporation.

James Constans, who has worked at his father, Al Constans' office, Local Loan Company, Seattle, on vacations and holidays for the past three years, is to be congratulated. He has recently achieved the honor of winning a four year N.R.O.T.C. scholarship to Harvard University. In addition he was class valedictorian of the Vashon Island High School graduating class of 1949, and also recently became Past Master Counselor of the Vashon Island Chapter, Order of DeMolay.

Paul W. Richardson, manager of the Winchester, Ky., office of Time Finance Company, was recently elected without opposition, to the presidency of the local Lions Club. Manager Richardson has long been interested in Winchester civic affairs and has served the Lions Club in other official capacities.

He served with the Army in the South Pacific during World War II and has been an officer in the local Legion Post. Richardson is married and has one child. He has been connected with Time Finance Company since 1941.

Wage-Hour Law

The Wage-Hour Administrator's 1948 report showed that violations of the Wage-Hour Law (and the Walsh-Healey Act) were the highest yet; 91.7% of the employers inspected were found to have violated these laws. Government reports now show that the number of enforcement actions brought against employers by the Wage-Hour Division for violations of the Wage-Hour Law is steadily increasing. The wide scope of Division inspections is shown by the fact that the violations occurred in almost every branch of industry.

Object Lesson: New York and New Jersey employers were recently ordered to pay employees $63,332 in back wages for violations of the law. The payments were ordered as a result of inspections this April.

Trade Associations

Over 4,000 National and State Groups Wield Tremendous Influence for Public Good

Americans are "joiners." Almost all of us belong to some organization. This is true of individuals and corporations. Most corner grocers, village doctors, city attorneys and big corporations like U. S. Steel and General Motors are association members.

There are about 4,400 national and interstate organizations in the United States today which the Department of Commerce lists as trade, professional and service associations. Their total membership exceeds two million business and professional firms. In addition, there are approximately 10,000 state and regional associations. The gross membership of these businessmen's organizations—national, state and regional—is estimated to be at least 40 to 50 million persons.

These associations are public forums where the great issues of our time are discussed; where individual opinions are forged and welded into public opinion, and where many of the economic, political, educational and social programs of America are conceived and developed. Individually and collectively, associations exercise a tremendous influence upon many phases of American life. They penetrate all social strata and affect profoundly the economy of the nation. They are of all types and descriptions: agricultural, economic, professional, political, fraternal, religious and racial; and the members of many of them are quite "touchy" about the particular category in which they are placed.

What Is a Trade Association?

A trade association, for instance, is different from a professional or service group. The Department of Commerce defines it as "a voluntary non-profit organization of business competitors (usually in one branch of the manufacturing, distributing, or service fields) the objective of which is to assist its members and its industry in several of the following areas: accounting practices, business ethics, commercial research, industrial research, standardization, statistics, trade promotion, and relations with the government, with labor, and with the general public."

Professional organizations usually are composed of individuals "united primarily by a common intellectual interest in a particular field." Trade associations, on the other hand, as the National Industrial Conference Board has pointed out, "are organizations of business units, which may be corporations, partnerships, or individual enterprises, and the common interest of the membership is primarily economic."

History of Association Growth

There were several regional but few national trade groups until after the Civil War. In 1900 there were about 100 national and interstate trade associations. In 1920 there were about 1,000. By 1941 the number had increased to nearly 2,000.

This rapid growth was accelerated largely by the first world war. Then, trade associations of all kinds, for the first time in a national emergency, rendered major assistance both to the government and the general public.

This second war within a generation gave trade associations new, difficult and important things to do in furtherance of the war effort. Without exception, they gave unstintingly of their collective knowledge, manpower and resources, and contributed mightily and in many ways to the winning of the war.

(Excerpt from "The New York Sales Executive" Magazine, May, '49.)

U. S. Chamber of Commerce Policy on Trade Associations

At the Annual Meeting of the U. S. Chamber of Commerce, May 3 to 6, 1949, the following Policy Declarations referring to trade associations were approved: "Trade associations are an inherent part of the American democratic system. In war and peace they have proved to be effective instrumentalities for fostering industry progress in the public interest. This capacity for service derives from the intrinsic nature of the trade association as a medium through which the smallest and the largest members of an industry may work together for the common good.

"Increased efficiency, improved products, better marketing, and elimination of uneconomic restrictions and practices are but a few of the benefits of coordinated, progressive trade association leadership which are reflected throughout the business community and ultimately accrue to the general public.

"In order that trade associations may continue to extend their usefulness in their fields of business enterprise and to the public it is essential that they retain their flexibility, their voluntary character, and their freedom from special forms of governmental control.

"Continuing maintenance of close liaison and cooperation between government agencies and trade associations is essential to the development and effectuation of sound, practicable administrative policies.

"The Chamber strongly urges upon American businessmen continued support for and participation in the work of their respective trade and industrial organizations." In connection with the discussion regarding Construction and Urban Development, pertaining specifically to "Planning for National Defense" the following recommendation was approved: "It is important that the planning for national defense which is being carried on by the National Security Resources Board and by the Armed Services should have the fullest cooperation on the part of all branches and all divisions of business and industry. There is need for better definition and understanding of the relationships between these important government agencies and the professional and trade associations so that such associations may effectively aid in this important task.

"We recommend that the present contacts between the government agencies which are planning for national defense and professional and trade associations in the construction field be developed into a workable pattern for use in case of an emergency."

Consumer Credit Course

At University of Pennsylvania Next Year

Plans are in the making for a long step forward in consumer education for Pennsylvania. One project of great interest is the development of a course to be offered in consumer credit by the Wharton School of Finance and Commerce, University of Pennsylvania, next year, beginning in February. It will be under the direction of Dr. Frank Parker, Professor of Finance.

Under Dr. Parker's guidance a committee of credit men in Philadelphia has been organized to handle advance preparations for the course, select the subjects to be included, draft lecture outlines, compile reading bibliographies, and name the outside men to give lectures. I. L. Brisbin represents the consumer finance or small loan industry on that committee and Curtis A. Williams has been invited to all meetings in an advisory capacity.

It will be a 14-week course and will consist of two-hour periods, once a week, in the Evening School. The first half of each period will be devoted to a lecture, and the second half to quiz and class discussion. One quiz master will serve throughout the course, but a number of men, chiefly experts in their respective fields of consumer credit, will give the lectures.

Some of the subjects already agreed upon to be included are—Retail Store Credit, Sales Financing, Small Loan Companies, Credit Unions, Personal Loan Departments of Commercial Banks. Many of the lecturers have been chosen.

The local committee looks to Messrs. Brisbin and Williams to get the material, outlines and reading lists, and the lecturers for two one-hour lectures on "small loan companies." This means that two of the fourteen weekly periods will be devoted exclusively to consumer credit as our people grant it.

Mr. Brisbin and Mr. Williams, in turn, have called upon some of the best authorities in the business for help and advice in their assignment. Dr. E. A. Dauer of Household Finance Corporation, Dr. M. R. Neifeld of Beneficial Management Corporation, and Paul L. Selby of the National Association journeyed to Shawnee Inn, Shawnee-on-Delaware, May 10, 1949, to meet in conference on the matter. Each of them had prepared a complete outline for the two lectures.

It was agreed at that meeting that Mr. Selby and Mr. Brisbin should be the two lecturers for "small loan companies" when the course is under way. Mr. Selby will give the first lecture and Mr. Brisbin will follow with the second. The selection of these gentlemen, together with the knowledge that Dr. Frank Parker is thoroughly familiar with and friendly toward the industry, will be reassuring to our consumer finance friends everywhere.

Size of Office as a Competitive Factor in the Small Loan Business

(Continued from Page 6)

most other business endeavors, particularly public utilities. What is more, what mechanical inefficiencies may be suffered in the very earliest stages are of minor influence and do not prevent the realization of some profits. Because of this fact and the ease of gradual growth the very small office is enabled to continue in operation while improving its competitive position.

Since the industry has always been plagued by social misunderstandings and prejudices, I feel that it is of utmost importance for the welfare of all that the realities of the economic characteristics of the business be fully and clearly appreciated. To my way of thinking the common notion that large size of office is a vital factor to the achievement of operating economies has influenced the adoption of certain management practices and regulatory provisions which are contrary to the best interests of both the industry and society. Though I grant that this is only one of the research and educational battles to be won, I do feel that it is an exceedingly important one. I hope that my remarks may at least have justified some further investigation of the problem.

•

"Economy is near to the keystone of character and success. A boy that is taught to save his money will rarely be a bad man or a failure; the man who saves will rise in his trade or profession steadily; this is inevitable."—GLADSTONE.

State Association Activities

New Jersey

The Annual Meeting of the New Jersey Consumer Finance Association was held at Asbury Park, New Jersey, June 14, 1949. The annual luncheon was a feature of the day and there were 116 in attendance. Special prizes for each lady attending and a drawing for the four door prizes added to the enjoyment of the occasion.

John J. Feeney, president of Phoenix Finance Corporation, the retiring president of the New Jersey Association, was presented with a fine watch in appreciation of his two years of service in that office.

The new officers elected were John L. Mentz, president; Michael L. Ross, vice president; Harry P. Gatter, treasurer, and John P. Bramer, secretary. Michael B. O'Connor was named chairman of the board.

Oregon

The Semi-Annual Meeting of the Oregon Association of Small Loan Companies, which was held in the Senator Hotel in Salem, Oregon, on May 14, was well attended. There were over 100 members and guests at the banquet that evening when the motion picture, *Every Seventh Family*, was presented. The principal speaker was Ben H. Hazen, president of the Benjamin Franklin Savings and Loan Association. His address was humorous and to the point and greatly enjoyed by his audience. After the evening meeting was adjourned, members and friends joined in a social hour.

Utah

The Annual Meeting of the Utah Association of Small Loan Companies was held at Salt Lake City on June 17 and 18.

On the evening of the 17th, there was a dinner meeting of the Executive Committee at the Aviation Club. In addition to the regular members of the committee, they were honored by the presence of Ellis I. Levitt, president of the State Finance Company of Des Moines, Iowa, and his son Richard, also M. N. Due, president of the Colorado Association of Finance Companies, and his assistant Albert Cox.

On June 18 a general membership meeting was held at the Alpine Rose Lodge in Brighton, a summer resort about 18 miles out of Salt Lake City, high up in the Wasatch Mountains. At this meeting Mr. Due invited the Utah members to join with the Colorado members at a Utah-Colorado meeting to be held at Glenwood Springs, Colorado, sometime in October. This meeting would not take the place of the regular October meeting of either state association. Members attending it would do so at their own risk and expense. Such a meeting had the unanimous approval of those in attendance.

Unanimous approval was given to the resolution to adopt a code of advertising ethics, and the duly elected president was directed to appoint a committee to work out such a code to be presented at the next meeting.

The following officers were elected: A. N. Catrow, president; James W. Ogden, vice president, and J. Terry Cole, secretary-treasurer. Following the meeting, the members enjoyed a fellowship hour, steak dinner and dancing.

Board Member Resigns

Lloyd S. Henderson, president of Commonwealth Loan Company, has resigned from the Executive Committee and Board of Directors of the National Association.

In presenting his resignation to the Executive Committee, Mr. Henderson made it clear that he was taking this action for entirely personal reasons and regretted that he must of necessity sever what had been to him a very pleasant association for a number of years.

His resignation was accepted by the Committee with expressions of appreciation for the contributions which he had made to the Board and to the various committees on which he had served.

No appointments will be made to fill the vacancies thus created until the Annual Meeting in September.

Re California Personal Property Brokers Act Amendments—1949

The California Personal Property Brokers Act has been amended in various significant respects. The most important amendment sets a maximum rate on loans which exceed \$300. The bill has passed both houses and is awaiting the Governor's signature. The new rate is 2½% per month on the first \$100, 2% on the next \$400 to \$500, and 5/6 of 1% on the portion of the balance from \$500 to \$5,000. Originally the law provided for 2½% on the first \$100 and 2% to \$300 with no maximum above \$300. As amended the law would provide no maximum above \$5,000. The amendment would continue a special provision reducing the rate to 2% on the first \$100 when the security is insured.

The California Personal Property Brokers Act corresponds to the Small Loan Law in other states. However, the California situation has differed from the usual situation in other states for many years. Originally California had no usury law. In 1918 a usury law was established by an initiative measure which could not be amended by the legislature. In 1934 a constitutional amendment reduced the general usury rate from 12% a year to 10% a year but exempted most of the established classes of lenders, such as banks, credit unions, building and loan associations, and Personal Property Brokers. The exemptions extended to all sizes of loans. The Personal Property Brokers' exemption was restricted, however, to loans secured by personal property or wage assignments. The Act of 1939 set rates up to \$300 just as most other small loan laws did at that time. However, unlike the situation in most other states, Personal Property Brokers were entirely free from rate regulation above \$300. The 1949 amendment would close this gap in regulation up to \$5,000 but leave it open above \$5,000. The 1949 amendment conforms to recommendations of a report of the Joint Legislative Committee on Lending Transactions dated March 31, 1949. According to the committee report, failure to distinguish PPB lending from sales financing resulted in misdirected criticism of Personal Property Brokers, and the committee also recommended legislation to require refunds of unearned finance charges in the case of motor vehicle instalment sales contracts which are prepaid in full or refinanced.

By the time this article appears in print this legislation will likely have been signed by the Governor, as it appears to conform to the most recent published opinions of the California state administration.

High School Education Project

(Continued from Page 7)

processes in high schools generally will take place faster if there is evidence of interest and approval of these books by the community's public.

To help develop community interest Better Business Bureaus throughout the country are participating. A booklet about the value of this project and its books is being prepared for distribution by Bureaus to groups representing local leaders—Women's Clubs, PTA's, Rotary, Kiwanis, education committees of labor unions as well as to business groups and others.

Business Can Help Schools Teach Principles of Free Enterprise

The need to stem the anti-business slant in consumer education is being effectively met. But the precedent set by this project in its formula for business-education collaboration has opened up an opportunity of even greater significance.

Many schools are not teaching about free enterprise well enough for the simple reason that they "have not done so in the past." Too many schools stay with "Model T" education because the public does not ask for something different.

The school books of the Consumer Education Study are books that any high school can use. They warrant public support. They teach groundwork that everyone should have to understand the realistic principles of free enterprise as carried on by business.

It is as important for the American citizen to understand our form of economy as to understand our form of government. Both are built on the same ideals. The schools should teach both.

Business men in all communities now have the opportunity to be *for* something specific that education's leaders are *for*. Publicize what they advocate to be taught. Help get public support for teaching it to all youth.

It is a unique opportunity that all business has to help the schools teach what is sound. To this purpose the Consumer Education Study will continue to dedicate its utmost effort.

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A wise woman makes her husband think he's the head of the house, when he is only chairman of the entertainment committee.—Funnyboners, Pick Hotels Corporation.

Non-Theatrical Exchanges

(Continued)

New York 10, NY-60
Mr. George H. Cole
King Cole's Sound Service, Inc.
340 Third Avenue
Telephone: Lexington 2-6780

NORTH CAROLINA

Charlotte CE-17
Mrs. K. Beverly
Modern Talking Picture Service, Inc.
1220 East Fourth Street
Telephone: 5-5815

OHIO

Cincinnati 2, CN-19
Miss Margaret Carpenter
Modern Talking Picture Service, Inc.
13 East 8th Street
Telephone: Garfield 2516

Cleveland 14, CV-21
Mr. B. W. Payne
B. W. Payne Film Service
1800 East 30th Street
Telephone: Main 9469

PENNSYLVANIA

Harrisburg HB-33
Mr. J. K. Lilley
J. P. Lilley & Son
277 Boas Street
Telephone: Harrisburg 8123

Philadelphia 7, PH-69
Mr. Carl H. Lenz
Modern Talking Picture Service, Inc.
243 S. Broad Street
Telephone: Kingsley 5-2500

Pittsburgh 22, PG-72
Mr. George G. Lenehan
Modern Talking Picture Service, Inc.
317 Blvd. of the Allies
Telephone: Grant 1-9118

TEXAS

Dallas 1, DL-24
Mrs. E. O. Gilstrap
Visual Education, Inc.
2010 North Field Street
Telephone: Prospect 7-2569

WASHINGTON

Seattle 5, SE-90
Mr. Max Rarig
Rarig Motion Picture Company
5514 University Way
Telephone: Kenwood 7400

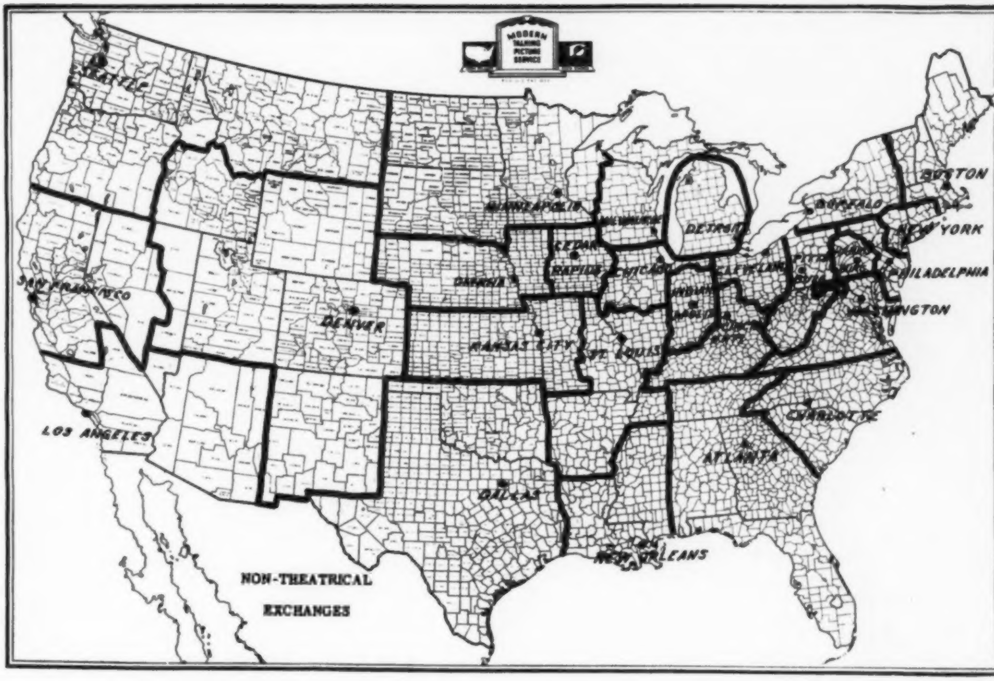
WISCONSIN

Milwaukee 3, MI-51
Mrs. Roa K. Birch
Photoart Visual Service
840 N. Plankinton Avenue
Telephone: Marquette 8-7680

NOTE

The letter-figure combination to the extreme right of each city is the abbreviation used by Modern to identify each of the Exchanges.

Executive Offices:
9 Rockefeller Plaza
New York 20, New York



MODERN TALKING PICTURE SERVICE, Inc.
NON-THEATRICAL EXCHANGES

CALIFORNIA

Los Angeles 7, LA–45
Mr. F. A. Rice
Standard Talking Film Service, Inc.
1963 S. Vermont Avenue
Telephone: Republic 1-3187

Oakland 9, SF–87
(San Francisco Area)
Mr. Frank R. Church
Frank Church Films
6117 Grove Street
Telephone: Humboldt 3-7211

COLORADO

Denver 10, DN–27
Mr. R. Kenneth Cromar
Modern Films
1874 S. Broadway
Telephone: Race 8989

DISTRICT OF COLUMBIA

Washington 5, WA–96
Mr. John F. Cook, Jr.
Modern Talking Picture Service, Inc.
1027 Vermont Avenue, N.W.
Telephone: Sterling 6611

GEORGIA

Atlanta 3, AT–06
Mr. J. R. Ritenour
Modern Talking Picture Service, Inc.
247 Spring Street, S.W.
Telephone: Cypress 5515

ILLINOIS

Chicago 11, CG–18
Mr. Donald P. Konny
Modern Talking Picture Service, Inc.
142 E. Ontario Street
Telephone: Superior 7-0588

INDIANA

Indianapolis 4, IP–36
Mr. C. W. Mauck
Modern Talking Picture Service
615 N. Illinois Street
Telephone: Riley 6359

IOWA

Cedar Rapids CR–15
Miss Louise Pratt
Pratt Sound Film Service
720 Third Avenue, S.E.
Telephone: 2–9380

LOUISIANA

New Orleans 12, NO–57
Mr. F. J. Didier
Delta Visual Service, Inc.
815 Poydras Street
Telephone: Raymond 9143

MASSACHUSETTS

Boston 16, BS–09
Mr. John Ladd
Stanley-Winthrop's, Inc.
20 Shawmut Street
Telephone: Hancock 6-2105

MICHIGAN

Detroit 1, DE–30
Mr. W. D. Engleman
Engleman Visual Education Service
4754 Woodward Avenue
Telephone: Temple 1-5972

MINNESOTA

Minneapolis 2, MP–54
Mr. A. C. Holmgren
Elliott Film Company
1110 Nicollet Avenue
Telephone: Geneva 4219

MISSOURI

Kansas City 6, KC–39
Mr. W. W. Barry
Sight & Sound Company
1428 Grand Avenue
Telephone: Grand 1155

St. Louis 5, SL–81
Mr. M. D. Donovan
Swank Motion Pictures, Inc.
612 N. Skinker Blvd.
Telephone: Parkview 3630

NEBRASKA

Omaha 2, OM–66
Mr. Keith T. Smith
Modern Sound Pictures, Inc.
1304 Farnam Street
Telephone: Atlantic 8477

NEW YORK

Buffalo 2, BU–12
Mr. F. S. Buchan
Buchan Pictures
79 Allen Street
Telephone: Lincoln 7224

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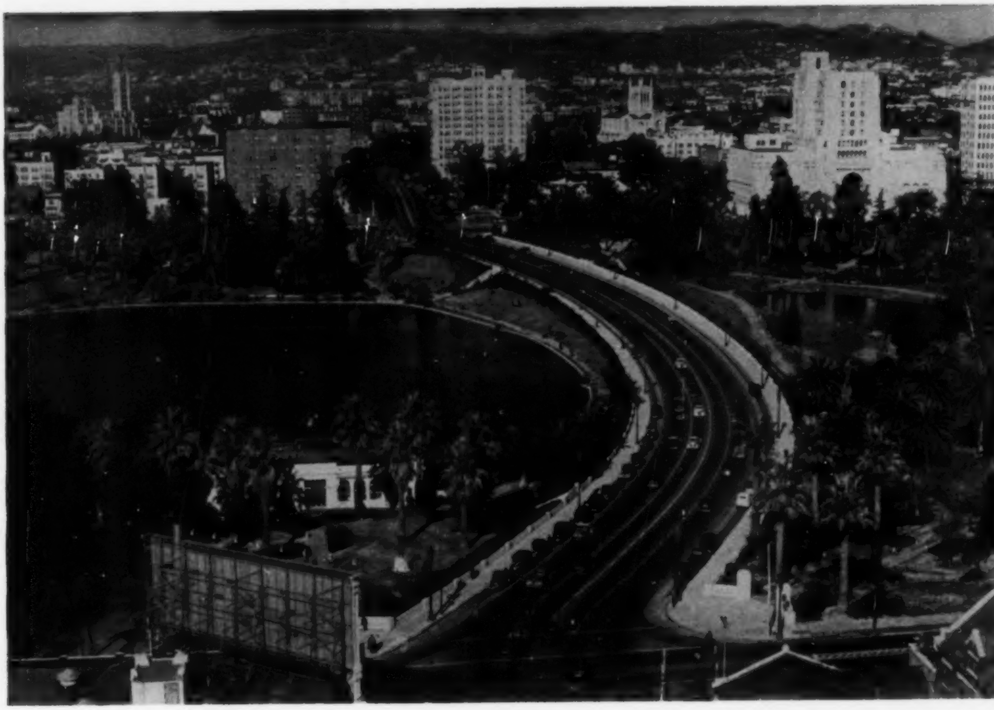

Glimpses of the Convention City—Los Angeles, California